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FINAL FOUR DEFENDANTS SENTENCED IN \$1 MILLION FHA MORTGAGE INSURANCE FRAUD CASE

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation; BARRY McLAUGHLIN, Special Agent-In-Charge of the Chicago Field Office of the Department of Housing and Urban Development – Office of the Inspector General (“HUD-OIG”); and JERRY L. WHITMORE, Chief of the Freeport Police Department, today made the following announcement:

Yesterday and today in federal court in Rockford, United States District Judge Philip G. Reinhard sentenced the final four defendants on charges relating to a scheme to defraud the federal government out of more than \$1 million in connection with the FHA mortgage insurance program. The charges to which the defendants pled guilty were part of a 61-count indictment charging twelve individuals with conspiring to defraud the United States, making material false statements to HUD, and making false statements to cause HUD to insure home mortgage loans. According to the indictment, the leaders of the scheme profited by selling, at inflated prices, houses in Freeport which they owned and controlled. The indictment charged that the defendants falsified numerous documents in order to get FHA insured loans for unqualified home buyers. By causing these unqualified buyers to receive FHA insured loans, the indictment alleged, the defendants caused a loss to the federal government which is expected to exceed \$1 million.

The four defendants sentenced yesterday and today are:

PHILIP R. MISKIMON, 50 (DOB: 11/21/55), 424 Hubbard, Winslow, Illinois, was sentenced yesterday afternoon to 7 1/2 years in federal prison, without parole, to be followed 3 years of supervised release. The court also ordered Miskimon to pay a total of \$1,658,135.32 in restitution. Miskimon pleaded guilty on June 30, 2006, to one count of conspiring to defraud the United States and one count of making a materially false statement to a federal agency. Miskimon was a partner of Edward J. Martins in a Freeport business known as “R & J Renovations.” In pleading guilty, Miskimon admitted that he conspired with other individuals to defraud the United States by causing HUD to insure loans through the FHA for unqualified applicants and by making material false statements to obtain loans insured by the FHA. Miskimon admitted in his plea agreement that he caused fraudulent Verifications of Employment, false pay stubs, and fraudulent credit letters to be submitted to HUD.

DOUGLAS L. HASTINGS, 41 (DOB: 08/02/65), 645 North Quail Drive, Lena, Illinois, was sentenced this afternoon to 7 months in federal prison, without parole, to be followed by 3 months of home confinement with electronic monitoring, and 3 years of supervised release. The court also ordered Hastings to pay a total of \$109,576.63 in restitution. Hastings pleaded guilty on June 23, 2006, to three counts of making materially false statements to a federal agency. Hastings owns several businesses, including “Stagecoach Trail Realty & Auction” in Lena, and the “Presidents Club” bar in Freeport. In pleading guilty, Hastings admitted that he knowingly arranged for buyers of homes he owned to receive fraudulent “gifts.” Specifically, Hastings admitted that he deposited funds into bank accounts of individuals who were assisting the scheme, and then caused cashiers checks to be issued from those individuals to the home buyers. These fraudulent cashier’s checks were intended to deceive HUD into believing that the home buyers had received gifts from their relatives to use for the down-payments on the houses.

PRICE V. BROOKS, 51 (DOB: 01/31/55), 621 East Iroquois, Freeport, was sentenced yesterday to 13 months in federal prison, without parole, to be followed by 3 years of supervised release. The court also ordered Brooks to pay a total of \$89,710.04 in restitution. On June 14, 2005, Brooks pled guilty to conspiring to defraud the United States. In his plea agreement, Brooks admitted that he signed three fraudulent “Verification of Employment” forms which falsely stated that certain home-buyers worked at “Brooks Detail Shop” in Freeport.

JULIE A. SMITH, 48 (DOB: 11/08/57), 219 Butternut Drive, Lena, Illinois, was sentenced yesterday to 30 of home confinement and 3 years of probation. The court also ordered Smith to pay a total of \$368,527.84 in restitution. On June 30, 2006, Smith pleaded guilty to conspiring to defraud the United States. Smith was a vice president of the Marvin Uecker Agency, an independent insurance agency in Lena. In pleading guilty, Smith admitted she conspired with other individuals to defraud the United States by causing HUD to insure loans through the FHA for unqualified applicants. Smith admitted she prepared 12 credit letters that falsely stated that certain home buyers had purchased insurance through the Marvin Uecker Agency, and that the individuals had not been late on any of their insurance payments, when in fact the individuals had never been customers of the Marvin Uecker Agency. The credit letters were later submitted to HUD in support of their applications to receive FHA insured loans.

The remaining eight defendants also pleaded guilty and were previously sentenced. Those eight defendants are:

EDWARD J. MARTINS, 41 (DOB: 09/14/64), 4995 Stagecoach Trail, Lena, Illinois, was sentenced on September 21, 2006, to 29 months in federal prison, without parole, and was ordered to pay \$1.5 million in restitution. On June 13, 2005, Martins pled guilty to conspiring to defraud the United States and making a material false statement to HUD. In his plea agreement, Martins admitted that he conspired to defraud the United States by causing unqualified individuals to receive FHA insured loans to purchase houses that he was involved in selling. To accomplish this fraud, Martins admitted that he falsified various documents that were submitted to HUD.

SHAWN M. FLEMING, 22 (DOB: 04/28/84), 305 ½ South Adams Street, Freeport, was sentenced on October 6, 2006, to 2 years in federal prison, without parole, and was ordered to pay \$75,155.49 in restitution. On June 7, 2006, Fleming pleaded guilty to making a materially false statement to a federal agency. In pleading guilty, Fleming admitted that he knowingly caused a materially false statement on a HUD-1 Settlement Statement on which an individual falsely represented her identity. Fleming admitted in his plea agreement that the leaders of the scheme paid him \$500 “finders fees” for referring individuals who purchased homes involved in the scheme. Fleming further admitted he solicited another individual to purchase a house using a stolen identity. Fleming acknowledged that he promised to pay this individual a portion of the finder’s fee he would earn.

AKIA A. SANDERS, 24 (DOB: 11/04/81), 508 South Carroll Avenue, Freeport, was sentenced on September 1, 2006, to 17 months in federal prison, without parole, and ordered to pay a total of \$129,253.64 in restitution. On May 12, 2006, Sanders pled guilty to conspiring to defraud the United States. In her plea agreement, Sanders admitted she falsely stated on her own loan application that she was employed as a dance teacher when she was in fact unemployed. Sanders further admitted in her plea agreement that she referred other potential home-buyers to co-defendants who paid her \$500 “finder’s fees” for each individual she referred. In addition, Sanders admitted she allowed her bank account to be used to provide fraudulent “gifts” to the home-buyers.

DALE L. NELSON, 50 (DOB: 3/20/56), 1439 Stephenson Street, Freeport, Illinois, was sentenced on April 26, 2006, to 5 months in federal prison, without parole, to be followed by 5 months of home confinement, and was ordered to pay a total of \$286,245.61 in restitution. On December 22, 2005, Nelson pled guilty to making a false statement to cause HUD to insure a home mortgage loan. Nelson owned and operated AMD Sales & Service, a computer sales and service business in Freeport. In pleading guilty, Nelson admitted that he knowingly signed a false “Verification of Employment” form. This form falsely stated that a particular individual was an employee of AMD Sales & Service. In his plea agreement, Nelson admitted that the individual was never an employee of AMD Sales & Service. Nelson further admitted that the leaders of the scheme paid him \$500 for signing the false form. Nelson also admitted that he prepared several false credit statements.

TODD P. ERNST, 46 (DOB: 07/20/60), 3595 Scioto Mills Road, Freeport, was sentenced on November 22, 2005, to 5 months in federal prison without parole, 5 months of home confinement following his release from prison, one year of supervised release, and ordered to pay \$84,154.31 in restitution. On August 18, 2005, Ernst pled guilty to making a false statement to cause HUD to insure a home mortgage loan. Ernst owns and operates Ernst Roofing in Freeport. In pleading guilty, Ernst admitted that he knowingly signed a false “Verification of Employment” form. This form falsely stated that a particular individual was an employee of Ernst Roofing. In his plea agreement, Ernst admitted that the individual was never employed at Ernst Roofing. Ernst further admitted that the leaders of the scheme occasionally hired him to perform roofing work on homes that they were selling. In his plea agreement, Todd Ernst further acknowledged that he signed one additional false Verification of Employment form. He also admitted that he allowed his bank account to be used for a fraudulent gift.

CHAD J. NICKS, 31 (DOB: 01/26/75), 1719 South West Avenue, Freeport, Illinois, was sentenced on April 26, 2006, to 5 months in federal prison, without parole, to be followed by 5 months of home confinement, and ordered to pay \$257,372.32 in restitution. On December 22, 2005, Nicks pled guilty to making a materially false statement to a federal agency. Nicks owned and operated Planet Wireless, a cellular telephone business in Freeport. In pleading guilty, Nicks admitted that he knowingly signed a false credit letter. This credit letter falsely stated that a particular individual was a customer of Planet Wireless and that the individual had made all of her payments on time. In his plea agreement, Nicks admitted that the individual was never a customer of Planet Wireless. This credit letter was later submitted to HUD in support of an application for the individual to receive an FHA insured loan. Nicks further admitted that the leaders of the scheme occasionally paid him for providing false credit letters. Nicks acknowledged that he provided a total of seven false credit letters to the leaders of the scheme.

TASHA M. THOMPSON, also known as “Tasha M. Barnes,” 26 (DOB: 01/17/80), 1510 Winter Drive, Freeport, was sentenced on May 5, 2006, to 4 months in federal prison, without parole, to be followed by 4 months of home confinement, and ordered to pay a total of \$183,719.40 in restitution. On January 12, 2006, Thompson pled guilty to making a false statement to cause HUD to insure a home mortgage loan. In her plea agreement, Thompson admitted that she knowingly signed a false “Uniform Residential Loan Application” form. This form falsely stated that a particular individual was Thompson’s landlord, and that Thompson was employed as the Assistant Manager of the “President’s Club.” In pleading guilty, Thompson admitted that the individual named on the form was not her landlord, and that she was not employed by the “President’s Club.” Thompson further admitted that she signed a fraudulent “Gift Affidavit,” which falsely stated that an individual listed on the form was Thompson’s aunt and had given Thompson a gift of \$2,000 to purchase her home. Thompson also acknowledged that she allowed her bank account to be used for a fraudulent gift and falsely posed as a “straw” seller at three real estate closings.

JEFFREY L. MEYER, 52 (DOB: 07/17/54), 206 Carver Street, Winslow, Illinois, was sentenced on October 6, 2006, to 3 months home confinement, 3 years probation, and ordered to pay a total of \$162,229.83 in restitution. On June 7, 2006, Meyer pleaded guilty to making a materially false statement to a federal agency. Meyer owned and operated Meyer Insurance Agency, an independent insurance agency in Winslow. In pleading guilty, Meyer admitted that he knowingly signed a false credit letter. This credit letter falsely stated that a particular individual had purchased a renters policy with Meyer Insurance Agency and that the individual was never late with payment. In his plea agreement, Meyer admitted that the individual had never purchased an insurance policy from Meyer’s agency. This credit letter was later submitted to HUD in support of an application for the individual to receive an FHA insured loan. In his plea agreement, Meyer also admitted that he prepared several additional false credit letters.

Three other defendants pleaded guilty to separate, but related, misdemeanor charges and have been sentenced. They are:

ALEXANDREA M. ELLIS, 23 (DOB: 10/26/82), 726 ½ Adams in Freeport. On June 16, 2005, Ellis pled guilty to a misdemeanor count of making a false statement to HUD. In her

plea agreement, Ellis admitted that she used a stolen identity to purchase a house in Freeport with an FHA insured loan. On July 18, 2006, Ellis was sentenced to 4 months home confinement, 3 years probation, and ordered to pay \$48,897.19 in restitution.

BRIAN A. FOX, 36 (DOB: 02/01/70), 1158 West Staver Street, Freeport. On June 16, 2005, Fox pled guilty to a misdemeanor count of making a false statement to HUD. In his plea agreement, Fox admitted that he signed a fraudulent "Verification of Rent" form which falsely stated that he had leased a residence to a certain home-buyer and that home-buyer had made her rent payments on time. On July 14, 2006, Fox was sentenced to 1 year probation, and ordered to pay \$42,863.17 in restitution.

ADAM L. ERNST, 22 (DOB: 7/05/83), 3595 Scioto Mills Road, Freeport. On June 22, 2005, Ernst pled guilty to a misdemeanor count of making false statements to HUD. In his plea agreement, Adam Ernst admitted that he acted as a "straw" purchaser of a property he had no actual interest in purchasing. On August 16, 2006, Ernst was sentenced to 18 months probation, and ordered to pay a \$100 fine.

The case was investigated by the Rockford office of the FBI, the Chicago office of HUD-OIG, and the Freeport Police Department. The case was prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

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